GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1176
ANSWERED ON:01.03.2006
FREE DISTRIBUTION OF POWER
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Will the Minister of POWER be pleased to state:

(a) whether the Union Government is contemplating to formulate a policy to stop free distribution of power by States;

(b) if so, the details thereof and the reasons therefor;

(c) the total megawatt of power being distributed free in the country at present;

(d) whether the Union Government has assessed the requirement of power in the current and the next Five Year Plan;

(e) if so, the total megawatt of power required;

(f) whether the amount of investment required for introducing the scheme for distribution and transmission of power has been assessed; and

(g) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF POWER(SHRI SUSHILKUMAR SHINDE)

(a) & (b) : Government of India has notified Tariff Policy under the provisions of the Act. The Policy states that extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. But provision of free electricity is not desirable as it encourages wasteful consumption of electricity besides, in most cases, lowering of water table in turn creating avoidable problem of water shortages for irrigation and drinking water for later generations.

(c) : At present three States viz. Andhra Pradesh, Punjab and Tamil Nadu are giving free supply of power without any ceiling on consumption to certain categories of consumers. In some other States, free supply of electricity is available to certain category of consumers only upto a very limited level of consumption or connected load. A statement indicating the States and expenditure involved on free supply of electricity as per available information is at annexure.

(d) & (e) : The forecast of electricity demand of the country in terms of Annual Electrical Energy Requirement (AEER) and Annual Peak Electric Load (APEL) was done in the year 2000 by the `16th Electric Power Survey Committee`, a National Level Committee of Experts. The long term projections of electricity demand of the country for utilities made by the Committee are as below:-

Year	AEER in MKwh	APEL in MW
2006-07	719097	115705
2011-12	975222	157107

(f) & (g) : Normative financial requirement in various segments of transmission system per MW of generation capacity approximately works out to be:

	Rs.Crore/MW
Inter-State Transmission	1.5-2.0 for inter regional capacity 1.0-1.5 for intra-regional capacity
Intra-State Transmission	0.7 - 0.8
Sub-Transmission & Distribution	1.7-2.0

According to the National Electricity Policy it is estimated that an investment of the order of Rs. 9,00,000 crores at 2002-03 price level would be required to finance generation, transmission, sub-transmission, distribution and rural electrification projects till year 2012.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (c) OF UNSTARREDQUESTION NO.1176 TO BE ANSWERED IN THE LOK SABHA ON 01.03.2006.

Statement indicating the names of the States providing free/subsidized supply of electricity

Sl. No.	Name of the State	Category of supply	Estimated expenditure (per annum)
1.	Karnataka	Economically weaker section Bhagya Jyoti/Kutir Jyoti (where consumption is upto 18 unit per month)	Rs.112.18 crores
2.	Kerala	Domestic load upto 500 W with monthly consumption up to 20 unit.	Rs.102.35 crores
3.	Punjab	Agricultural pump set consumers and SC domestic consumers upto 300 W and 50 units per month	Rs.1548 crores
4.	Tamil Nadu	Agriculture and hut categories and a portion of tariff for domestic category	Rs.1166 crores
5.	Madhya Pradesh	Agricultural (for SC/ST consumers upto 5 H.P.	Rs.208.04 crores
6.	Andhra Pradesh	Some categories of farmers	Rs.877.58 crores